EUROPE’S MANUFACTURING INDUSTRY CEOs CALL UPON HEADS OF STATE TO STREAMLINE 2030 STRATEGY TOWARDS GROWTH AND JOBS
**Make industrial renaissance the most important objective to move Europe out of the crisis**

EU economic recovery and reversing trends in employment will not happen without industry

Manufacturing industry accounts for over 80% of Europe’s exports; 80% of private research and innovation goes into industry. In total, 1 in 4 private sector jobs are in industry and 1 job created in manufacturing industry generates up to 2 jobs in the services sector.

These industries are at the core of industrial clusters, and are important elements of the supply chain, thereby contributing to the EU’s economy competitiveness.

But the industrial basis of Europe has been continuously declining since the 1990s

Industry’s share in Europe’s GDP is now down to 15.1%.

Since 2008, 3.5 million jobs have been lost in manufacturing.

---

**Manufacturing industry needs access to globally competitive energy**

The EC report (22 Jan.) confirms that electricity costs are 2 to 3 times higher in the EU than in the US, with a 70% increase since 2000 for EU industry [stable in the US]. Regulatory costs (subsidies for renewables, taxes, grid costs, etc.) are the main reasons for this widening gap.

Natural gas prices are 3 times higher in the EU than in the US.

Energy intensive industry is a price taker and cannot pass on additional costs to it’s mainly global customers.

Energy intensive industry efficiently contributes to this optimization

Voluntary demand response is much cheaper than capacity mechanisms to tackle grid peaks but a stable regulatory framework with adequate visibility and remuneration is needed.

Grid tariffs must reflect the contribution (predictability, modularity) of flat but flexible consumption profiles to system stability and integrity.

Long term energy supply contracts give more visibility and should be supported.

Restoring global energy cost competitiveness is a priority. Solutions exist but must address all energy cost components and require a strong political support.

The transition to a low-carbon economy must be driven in a cost- and time-efficient way

More R&D and innovation are needed; immature technologies must not be scaled up too quickly.

A functioning internal energy market (IEM) and applying the Guidelines on State Intervention in electricity markets (DG Energy, 5 Nov. 2013) are important levers to limit the dramatic increase of system costs (including levies, grid costs and taxes).

---

**Climate objectives must be set to keep a high performing industry in Europe**

Carbon leakage should be effectively addressed

Energy intensive industries are already energy efficient compared to global competitors; technical limitations and the need of significant resources and lead time for further improvement mean that the allocation of emission allowances under ETS must be based on realistic benchmarks and actual production.

Realistic benchmarks require a careful balance between an ambitious long term goal and a continued adequate protection against carbon leakage.

Unrealistic reduction factors and a frozen historical production volume will step investments in carbon intensive industries in Europe. The first issue must be adressed urgently.

The EU ETS should be reformed for Phase 4 and simplified to tackle the structural shortcomings and to support growth of efficient production. Industry needs visibility.

Indirect climate costs also need to be tackled

Financial compensation for indirect emissions is too restricted and only applied by a minority of Member States: real visibility - via a clear framework - is needed.

The CO2 costs passed through in electricity costs in comparison with a structural imbalance of climate and energy costs in comparison with their global competitors.

Indirect climate policy costs for efficient industrial installations in sectors exposed to the risk of carbon leakage.

---

**Enabling the EU manufacturing industry to grow will reduce global GHG emissions and contribute to the “greening” of the EU economy**

This has been strongly confirmed by the 22 January EC Report.

Due to technological limitations, the progress will slow down and further improvement will require economies of scale. This will require growth.

It must be assured that sufficient allowances are always available for growth and new investments, including for the indirect electricity emissions.

Energy intensive industries are key actors for greening the economy.

But these industries are also confronted with a structural imbalance of climate and energy costs in comparison with their global competitors.

Enabling the manufacturing industry to grow will not only stimulate innovation in technologies and products but consolidate EU’s leadership in the reduction of carbon emissions.

There should only be one single realistic GHG target, matched by a second target addressing industrial growth. Both must be closely monitored and readjusted if Europe is not on track to deliver on both.

Growth of efficient industrial production must be welcomed within the EU.
EU economic sectors. Indeed, it supplies the State Aid.

principles to be taken into account in view of the adoption of the revised Guidelines on Environmental
electricity markets. The uncertainty about the future of long-term contracts further raises the question
Full pass-through of CO2 price in electricity prices has been assumed, based on the experience on
costs, or 7 to 75% of the selling prices.
EU ETS would range from 100 to 493 euros per tonne produced, i.e. 15 to 84% of the production
costs in the European Commission's proposal for Environmental State Aid Guidelines, published on
sectors deemed ex-ante to be exposed to a significant risk of carbon leakage due to indirect emission
impact of indirect CO2 prices on the ferro-alloys and silicon sector.

As recognised by the European Commission Decision 2010/2/EU of 24th December 2009, the ferro-
their products, to which it is indispensable.

alloys and silicon industry is deemed exposed to a high risk of carbon leakage 2

In this context, EUROALLIAGES would like to call the attention of the European Commission on major

1. PRESENTATION OF EUROALLIAGES

The ferro-alloys and silicon industry is a strategic iron and steel industries one through the essential elements it provides to major

essential properties for electronic and solar industries required steel grades. It also provides to the

strategic way of introducing alloying elements into iron and steel melts in order to produce the

Although being a small sector, it is a

conditions, which increases even further its price and cost vulnerability.

2 Composed of a majority of SMEs, the sector is suffering from a very intensive international competition, often at unfair

overseas. A consequence is that, long-term contracts are often not possible or only possible in an expensive way. This is

To face this situation, the sector has been working intensively on energy efficiency improvements over the years,

One of the principal sources of emissions from the ferro-alloy production is the indirect emission associated to the electricity production

avoidable and irreducible quantities of CO2, intrinsic to these processes.

emissions of environmental substances and waste minimisation. These efforts are continuing,

95% of the ferro-alloys and silicon

STATEMENT ON ENVIRONMENTAL STATE AID

FOR THE EUROPEAN FERRO-ALLOYS AND SILICON INDUSTRY

Belgium.................. Federation of Belgian Industrial Energy Consumers (FEBELIEC)
Bulgaria .................. Bulgarian Federation of Industrial Energy Consumers (BFIEC)
Czech Republic........ Sdružení velkých spotřebitel energie (SVSE)
Denmark .................. Foreningen for Slutbrugere af Energi (IFSE)
Finland .................. Suomen EiFi Oy
France ................... Union des industries utilisatrices d’énergie (UNIDEN)
Germany ................. Verband der Industriellen Energie- und Kraftwirtschaft (VIK)
Greece .................... Hellenic Union of Industrial Consumers of Energy (UNICEN)
Hungary .................. Ipari Energiafogyasztók Fóruma (IEF)
Italy ...................... Associazione Italiana Consumatori Energia de Processo (AICEP)
Netherlands.............. Vereniging voor Energie, Milieu en Water (VEMW)
Norway ................... Federation of Norwegian Industries (FNI)
Poland .................... Izba Energetyki Przemysłowej i Odbiorców Energii (IEPiOE)
Portugal .................. Portuguese Association of High Electrical Energy Consumption Industries (APIGCEE)
Spain ...................... Asociación de Empresas con Gran Consumo de Energía (AEGE)
United Kingdom .......... Energy Intensive Users Group (EIUG)